

09/665,769 Google NPL search

monthly mortgage payment "each month" 1998 OR 1999 OR 2000 "payment options"

This search was complemented with Dialog  
+ yield reference which is applied in 103 rejection.  
8/20/04

Set	Items	Description
S1	66	OPTION () ARM
S2	34	S1 AND PY<2001
S3	2	S2 AND (MONTHLY() PAYMENT)

? t s3/9,k/1

3/9,K/1 (Item 1 from file: 148)  
 DIALOG(R)File 148:Gale Group Trade & Industry DB  
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12557072 SUPPLIER NUMBER: 64997777 (THIS IS THE FULL TEXT)  
 New mortgage plan offered. (Brief Article)  
 Real Estate Weekly, 47, 2, 29  
 August 9, 2000  
 DOCUMENT TYPE: Brief Article LANGUAGE: English RECORD TYPE:  
 Fulltext  
 WORD COUNT: 414 LINE COUNT: 00037

TEXT:

Robert Withers, president of First Alternative Mortgage Corp. in New Rochelle and Kingston, N.Y., and Norwalk, Conn., announced that his firm is now offering the **Option Arm** Loan program. Designed for homeowners who want to manage their liabilities, this program enables borrowers to obtain a much larger home for lower monthly payments. Available only through select financial institutions, this program offers an initial interest rate of 3.95% with a payment that will not increase more than 7.5% per year, and it allows for deferred interest.

Young professionals who want larger homes while they are still young, entrepreneurs whose incomes fluctuate greatly month to month, and commissioned salespeople who receive large bonuses are the people who can benefit greatly from this distinctive new loan program," said Withers. The **Option Arm** Loan program enables individuals and couples to purchase larger homes due to the flexibility of the program's terms and conditions. As interest rates 'creep upward' each day and the average price of a home increases dramatically, this program is growing in popularity among certain segments of the general US population.

Loan Options

Under the **Option Arm** Loan program, borrowers can choose from four **monthly payment** plan options:

- \* Low starting monthly minimum payment
- \* Interest only payment plan
- \* Fully amortizing principal and interest payments
- \* Lump sum prepayment of principal

"Under a traditional 30-year termed fixed mortgage," explains Withers, "a \$250,000 mortgage at a fixed rate of 8% would equal \$1,834 in monthly payments. That means the buyer could afford a \$312,000 house with 20% down. With a 40-year term **Option Arm** Loan on a \$250,000 mortgage, the buyer puts 20% down, without income verification, and can choose from four payment options."

Payment Options

Withers said that the payment options an **Option Arm** Loan applicant can choose from are:

- \* \$1,037/month minimum payment
- \* Interest only payment /month of \$1,562
- \* Principal and interest payment of \$1,692 per month
- \* Any payment amount the buyer chooses (not less than the minimum payment indicated above)

"The beauty of this program is that a buyer could afford to purchase

Set	Items	Description
S1	2	MORTGAGE (S) MONTHLY ( ) BASIS (S) PAYMENT (S) EACH ( ) MONTH
S2	16952	PAYMENT (5N) OPTION
S3	1783	S2 (S) (MONTH OR MONTHLY)
S4	454	S3 AND MONTHLY (5N) OPTION
S5	146	S4 AND (LOAN OR MORTGAGE)
S6	96	S5 AND PY<2001
S7	18	S6 AND (MONTHLY) (5N) (INCOME OR CASH()FLOW)
S8	11	RD S7 (unique items)
S9	1530	(CHOOS???? OR SELECT???? OR IDENTIF???? OR PROVID???) (10N) (PAYMENT()OPTION)
S10	98	(CHOOS???? OR SELECT???? OR IDENTIF???? OR PROVID???) (10N) (PAYMENT()OPTION) (S) (MONTHLY)
S11	54	RD S10 (unique items)
S12	54	RD S11 (unique items)
S13	27	S12 AND PY<2001
S14	9	S13 AND (MORTGAGE OR LOAN)
S15	6921	CARTERET
S16	8	CARTERET AND MORTGAGE AND INTEREST()ONLY
S17	4	RD S16 (unique items)
S18	0	CARTERET AND MORTGAGE AND OPTION AND MONTHLY()PAYMENT
S19	30	(MORTGAGE OR LOAN) (S) PAYMENT()OPTION AND (EACH()MONTH)
<del>S20</del>	<del>17</del>	<del>RD S19 (unique items)</del>
S21	4	(MORTGAGE OR LOAN) (S) PAYMENT()OPTION (S) (EACH()MONTH)

*fully removed all references*

Dialog NPL search 09/665769

Set	Items	Description
S1	2	MORTGAGE (S) MONTHLY ( ) BASIS (S) PAYMENT (S) EACH ( ) MONTH
S2	16952	PAYMENT (5N) OPTION
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S11	54	RD S10 (unique items)
S12	54	RD S11 (unique items)
S13	27	S12 AND PY<2001
S14	9	S13 AND (MORTGAGE OR LOAN)

? t s14/3,k/1-9

14/3,K/1 (Item 1 from file: 15)  
 DIALOG(R)File 15:ABI/Inform(R)  
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00728354 93-77575

A **Mortgage** to Fit the Average Payroll  
 Stetenfeld, Beth  
 Credit Union Management v15n5 PP: 21-23 May 1992  
 ISSN: 0273-9267 JRNL CODE: CUM  
 WORD COUNT: 1043

A **Mortgage** to Fit the Average Payroll

...ABSTRACT: July 1991, Space Coast Credit Union (SCCU) began offering a 15-year, fixed-rate biweekly **mortgage**. SCCU's (Melbourne, Florida) portfolio for biweekly first mortgages now stands at about \$20 million. Since most people are paid every 2 weeks, the biweekly **mortgage** fits into everybody's budget. SCCU's 15-year, fixed-rate biweekly can be paid off in just 12 years. By **choosing** the biweekly over the **monthly payment option** on an \$80,000, 30-year, fixed-rate mortgage at 8%, the borrower would save...

TEXT: When one brings up the term "biweekly **mortgage**" in casual conversation, responses are likely to range from "What's that?" to "How do ...

... Space Coast Credit Union (SCCU), Melbourne, Fla., began offering a 15-year, fixed-rate biweekly **mortgage**. Until that point, the credit union had only offered adjustable-rate mortgages (ARMs) --both monthlies ...

... credit union. And the demand has not abated since. During the entire month of February, **mortgage** lending staff were booked solid with appointments. And the majority of those were for biweekly...

...about \$20 million.

"Most people are paid every two weeks," says Thomas. "So the biweekly **mortgage** fits into everyone's budget."

Also, biweekly payments mean the borrower pays off the **mortgage** faster. "That's the true beauty of the biweekly **mortgage** payment," he says. For example, SCCU's 15-year, fixed-rate biweekly can be paid... eight percent, with a one-percent origination fee and no points.) On a 30-year **mortgage**, the payoff comes in about 22 years.

Because of the faster payoff, the borrower also saves a bundle in interest. For example, by **choosing** the biweekly over the **monthly payment option** on an \$80,000, 30-year, fixed-rate **mortgage** at eight percent, the borrower would save a total of \$37,859 in interest.

SCCU...

... biweekly mortgages in 1986, and they now account for 60 percent of SCCU's first **mortgage loan** portfolio. In addition, 33 percent of SCCU's second mortgages are paid biweekly.

The biweeklies...

... have seen a need to educate the members more on the benefits of the biweekly **mortgage**," he says. "Those that understand the benefits have jumped on it."

While he's quick...

...deduction, however, is not required.

HOW ABOUT A WEEKLY PAYMENT?

In Canada, where the biweekly **mortgage** was first introduced, the weekly **mortgage** has stolen some of its thunder.

"The biweekly **mortgage** is not a big deal anymore, but weeklies are," says John Clode, CEO of CUNA...

...just another form of payment. There's nothing fancy about it."

Currently, COCU's first **mortgage** product has a maximum term of five years, which can be amortized over 30 years...

...tied to the Bank of Canada.

In addition to the benefits to members, the weekly **mortgage** payment offers advantages to the credit union over both the biweekly and the monthly, says...

... he explains. COCU has a very low delinquency rate. In 1991, it had just two **mortgage** losses. And both of those mortgages were paid monthly.

CUSO TAKES THE LOAD OFF

For...

... t worth the risk at all. Northwest Federal Credit Union (NFCU), didn't have a **mortgage** program until it started marketing biweeklies in December 1985.

To this day, the \$105 million Seattle CU has just biweeklies on its books.

Back when its **mortgage** program was started, NFCU and three other Seattle-area credit unions formed a CUSO to...

... the operational chores. Today, Credit Union Financial Services Inc. (CUFS) offers a full range of **mortgage** products. NFCU buys from CUFS 15-year, biweekly ARMs made to its members.

By transferring much of the **mortgage** program's operational load to the CUSO, NFCU requires only a quarter of one person...  
...which in turn makes a single payment to NFCU.

The CU has a \$70 million **loan** portfolio, \$12.5 million of which consists of **mortgage** loans. "We're not looking at expanding our portfolio at this time," says Zmolek, adding...

14/3,K/2 (Item 1 from file: 810)  
DIALOG(R)File 810:Business Wire  
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0776273 BW0046

BANK OF AMERICA: Bank of America Enhances Its Popular HomeBanking Service  
With Free Online Account Access And Reduced Price For Online Bill  
Payment

November 20, 1997

Byline: Business, Banking and Internet Editors

...customers who want both online account  
access and the convenience of online bill paying, can **select** our bill  
**payment option** at a reduced **monthly** fee, or obtain that s  
ervice free  
with selected checking account packages."  
The free HomeBanking service...

...the Web site. Visitors  
can access a broad array of information and services, including  
online **loan**, credit card and checking account applications;  
interactive personal finance decision tools; listings of bank-owned...

14/3,K/3 (Item 1 from file: 476)  
DIALOG(R)File 476:Financial Times Fulltext  
(c) 2004 Financial Times Ltd. All rts. reserv.

0004054072 B07INBJAEBFT

Finance and The Family: **Mortgage** pain can be eased - A flexible new  
scheme

JOHN EDWARDS

Financial Times, P IV

Saturday, September 12, 1987

DOCUMENT TYPE: NEWSPAPER LANGUAGE: ENGLISH RECORD TYPE: FULLTEXT

Word Count: 703

Finance and The Family: **Mortgage** pain can be eased - A flexible new

scheme  
1987

TEXT:

...line with changes in your financial circumstances. That is the basic idea behind the Flexible **Mortgage** scheme launched by NM Home Loans, a newly created subsidiary of the National Mutual Life...

Under the scheme you can vary considerably the **monthly** payments of your **mortgage**. You can **choose** the low start **payment option**, under which for a period of years initially your **monthly** repayments can be cut by nearly 30 per cent below the normal level.

This means that you might well be able to take out a bigger home **loan** in expectation of paying out more later when your income has risen. It is an...

...package. One is that you can open a reserve account, in addition to your home **loan**, which guarantees you instant loans for any non-speculative purpose when required. For example, you...

...a reserve facility on which you can draw at any time, paying only the home **loan** interest rate.

This can be very useful as an extra source of funds at a...

...payments without having to wait for references. You can also obtain a certificate of a **mortgage** offer specifying the amount you can borrow, subject to valuation of the house you are...

...up to 2.75 times a joint income, providing both incomes are stable.

The minimum **loan** available is 25,000 pounds sterling and the maximum 250,000 pounds sterling. However, the...

14/3,K/4 (Item 1 from file: 621)  
DIALOG(R)File 621:Gale Group New Prod.Annou.(R)  
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02603578 Supplier Number: 63962785 (USE FORMAT 7 FOR FULLTEXT)  
Michigan National Launches Improved Web Site With State-of-the-Art Web Banking.  
PR Newswire, pNA  
August 9, 2000  
Language: English Record Type: Fulltext  
Document Type: Newswire; Trade  
Word Count: 451

... day, seven days a week. Customers who want the convenience of paying bills online can **select** the bill **payment option** for a low **monthly** fee.

Business customers, too, will benefit from the improved site, with access to information on...

...access to their most current account statement information, including total deposits, withdrawals, interest earned, and **loan** payments and



draws.

\* Track spending by categories. Now Michigan National Web Banking customers can keep...

20000809

14/3,K/5 (Item 2 from file: 621)  
DIALOG(R)File 621:Gale Group New Prod.Annou.(R)  
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01815117 Supplier Number: 53946600 (USE FORMAT 7 FOR FULLTEXT)  
MCI WorldCom's Online Customer Services Expand to E-Commerce Through  
CheckFree E-Bill.  
PR Newswire, p7136  
Feb 24, 1999  
Language: English Record Type: Fulltext  
Document Type: Newswire; Trade  
Word Count: 961

... can enroll in MCI WorldCom's online account manager at  
www.mci.com/service and **choose** to change their **payment**  
**option**, or go to the CheckFree E-Bill Web site at  
<https://www.mybills.com/e...>

...by mail, then all future bills will be presented electronically. The  
electronic version of their **monthly** bill will include color graphics,  
logos and full- billing detail.

Using CheckFree E-Bill(SM...

...pay their core bills. Being able to receive and pay these core bills --  
telecommunications, utilities, **mortgage** and credit card -- will  
accelerate acceptance of the convenience and utility of electronic billing  
dramatically...

19990224

14/3,K/6 (Item 1 from file: 813)  
DIALOG(R)File 813:PR Newswire  
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0800453 LA014  
SANWA BANK CALIFORNIA TO KICKOFF SPRING HOME EQUITY PLUS CAMPAIGN WITH LOW  
INITIAL INTEREST RATE

DATE: March 22, 1995 09:30 EST WORD COUNT: 420

...home equity financing market, Sanwa  
Bank California today said it will offer a home equity **loan** with an  
initial start rate of 6.40 percent for the first six months (8...

...percent APR), one of the lowest initial interest rates available from  
any major bank.

The **loan**, which is available as both a variable-rate or  
fixed-rate  
**loan**, can range from \$5,000 to \$150,000 based on a home's equity. In  
addition to the low variable rate, Sanwa's fixed-rate home equity  
**loan**

also is one of the lowest available at 9.9 APR. In both cases, there...

...no points and no closing costs. Other features of the Sanwa Bank Home Equity Plus **loan** program include:

-- Checking account free of **monthly** service charges when the automatic **payment option** is **selected**.

-- Interest bonus of one-half percent on new six- or 12-month certificate of deposit...

...of retail banking.

"By lowering the interest rate and reducing the costs associated with the **loan**, we believe we can attract a large number of equity-rich borrowers who may wish...

...debt consolidation or any reason," he added.

Further information on the Sanwa Home Equity Plus **loan** program is available at any of Sanwa's 110 branches and **loan** offices in the state or by calling the bank at 800-23-SANWA.

Sanwa Bank...

...provides full-service banking to retail and commercial customers in more than 100 branches and **loan** centers statewide.

NOTE: APRs assume automatic payment option and are subject to change. Loans are...

14/3,K/7 (Item 1 from file: 148)  
DIALOG(R)File 148:Gale Group Trade & Industry DB  
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07529907 SUPPLIER NUMBER: 15741133 (USE FORMAT 7 OR 9 FOR FULL TEXT)  
How to pay for college: in today's marketplace, even the well-to-do may find that they can qualify for aid. (includes related information)  
Beddingfield, Katherine T.  
U.S. News & World Report, v117, n13, p70(3)  
Oct 3, 1994  
ISSN: 0041-5537 LANGUAGE: ENGLISH RECORD TYPE: FULLTEXT; ABSTRACT  
WORD COUNT: 1670 LINE COUNT: 00129

... increased borrowing appears likely to continue, especially as efforts by the Clinton administration to make **loan** money more accessible take hold. The passage of the Federal Student **Loan** Overhaul Program last year set the stage for the government to phase in a direct...

...the change in federal lending, the Clinton administration has decided to let students stretch out **loan** repayments for up to 30 years, instead of being restricted to the current 10-year...

...monthly payments of 4 to 15 percent of their salaries. Others might opt for the **loan** to be repaid in as few as 12 years or as many as 30 at a rate that changes with the **loan** balance. Initially, only borrowers in the direct-lending program will be able to **choose** an extended **payment option**, but all borrowers may soon have such choices.

While the extended payout period is appealing...

...extra years of payment would actually increase college costs substantially. For example, on a Stafford **loan** of \$17,200 at an interest rate of 8.25 percent, the cost over 10...help students and their families wend their way through the financial aid maze:

#### GRANTS OR **LOAN** PROGRAMS

\* Pell grant. A federal award of up to \$3,900 to help needy undergraduates...

...the federal government and available regardless of need. Needy students may qualify for a "subsidized" **loan**, on which the government pays interest until six months after the student graduates or leaves school. Otherwise, students pay interest or can add the interest to the **loan** principal.

\* Federal Perkins loans. Low-interest loans (5 percent) of up to \$3,000 for...

19941003

14/3,K/8 (Item 2 from file: 148)  
DIALOG(R)File 148:Gale Group Trade & Industry DB  
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07307621 SUPPLIER NUMBER: 15602351 (USE FORMAT 7 OR 9 FOR FULL TEXT)  
Preliminary evaluation of the HECM reverse **mortgage** program. (Home Equity Conversion **Mortgage**) (Special Issue: Housing Finance for the Elderly)  
Case, Bradford; Schnare, Ann B.  
Journal of the American Real Estate & Urban Economics Association, v22, n2, p301(46)  
Summer, 1994  
ISSN: 0270-0484 LANGUAGE: ENGLISH RECORD TYPE: FULLTEXT; ABSTRACT  
WORD COUNT: 9921 LINE COUNT: 00902

Preliminary evaluation of the HECM reverse **mortgage** program. (Home Equity Conversion **Mortgage**) (Special Issue: Housing Finance for the Elderly)

ABSTRACT: The demand for Home Equity Conversion **Mortgage** (HECM) insurance demonstration is evaluated by analyzing the attributes of participating borrowers, their properties and the types of payment options chosen. HECM insures lenders against the risks associated with new **mortgage** lending programs, particularly reverse mortgages. The results showed a strong demand for reverse mortgages among...

Originally Currently of **Loan**

Type of Lender	Authorized	Active(1)	Loans(2)	Balance(3)
<b>Mortgage</b> Bankers and				
Subsidiaries(4)	33	36	2,120	\$41,175,395

Banks and Thrift  
Institutions...

...615

This article presents the findings of a preliminary evaluation of the Home Equity Conversion **Mortgage** (HECM) insurance demonstration, a program administered by the U.S. Department of Housing and Urban Development (HUD) to encourage the development of reverse **mortgage** programs to address the needs of elderly homeowners.

The evaluation is presented in five sections...

...set of interviews concerning the requirement that prospective borrowers receive counseling before applying for a **loan** under the program. Finally, the fifth section discusses several "Legal and Regulatory Issues" that appear...

...development of the HECM program to date.

Background and Program Basics

The Home Equity Conversion **Mortgage** (HECM) insurance demonstration (also known as the Federal Housing Association (FHA) reverse **mortgage** program) was created by Congress in 1987 to accomplish three objectives: (1) to permit the...

...meet the special needs of elderly homeowners; (2) to encourage and increase participation by the **mortgage** markets in converting home equity into liquid assets; and (3) to determine the extent of...

...equity conversion mortgages that best serve the needs of elderly homeowners. The HECM demonstration provides **mortgage** insurance for reverse **mortgage** loans originated by FHA-approved lenders. FHA insurance compensates lenders in the event that sales proceeds are not sufficient to meet the outstanding **mortgage** balance, and guarantees borrowers that **loan** payments will continue should the lender default.

Congress originally authorized HUD to insure 2,500...

...repayment. Low-income elderly households seldom have the income required to qualify for such a **loan** and the risks of foreclosure often make these loans unattractive to them.

In contrast, most reverse mortgages are secured only against the value of the home. With a reverse **mortgage**, borrowers can draw down their home equity in a lump sum, in regular installments, or...

...out varies according to the value of the home, the interest rate and the particular **loan** terms. Most reverse mortgages do not require the **loan** to be repaid until the borrower moves permanently, sells the home, or dies. The balance is due with interest. Interest is charged to the **loan** balance each month, so that the total amount of interest owed by the borrower increases...

...of the debt can increase beyond the value of the home.

In the absence of **mortgage** insurance, the private lending community overall has been reluctant to take on this and other...their risks by offering a fixed-term product that requires the homeowner to repay the **loan** at a prescribed date. The fixed term, however, could potentially create a problem for some...

...who might be forced to relinquish their home if they were unable to

repay the **loan** at term. FHA reverse **mortgage** insurance is designed both to protect lenders against this risk and to permit elderly homeowners...

...for as long as they desire and are able to do so. By making reverse **mortgage** insurance available to lenders nationwide, the Demonstration attempts to encourage the origination and servicing of...

...broadest array of choices currently available in a home equity conversion plan. The FHA reverse **mortgage** permits borrowers to choose from several payment plans and to change payment plans at any...

...borrower may also receive a lump sum draw at closing to pay off an existing **mortgage**, to pay off a contractor's lien for repairs, or for other purposes. Finally, a borrower may combine a tenure or term **mortgage** with a line of credit or restructure payments to accommodate changes in his or her...

...presents some difficulties. Experience to date with the demonstration suggests that while a single reverse **mortgage** with multiple payment options (as with HECM) may be conceptually simple, implementation has not been...

...tends to complicate origination and servicing. For example, because borrowers are allowed to prepay the **mortgage** balance in part and then to re-borrow the amount prepaid, lenders are required to...

...borrowers may establish lines of credit instead of or, in addition to, scheduled monthly payments, **mortgage** servicers must also respond to borrowers' unscheduled requests for payment as well as regular disbursements...

...Eligible Borrowers. Any homeowner 62 years of age or older may qualify for a HECM **loan** provided that he or she owns a home free and clear (or can subordinate existing...

...assure that borrowers do not have any delinquent Federal debt that cannot be cleared from **mortgage** proceeds. Unlike a forward FHA **mortgage**, HUD has no income requirements under the HECM demonstration. Because payments are made from the lender to the borrower, the borrower's ability to support the **mortgage** is not an issue.

Mandatory Counseling. The law establishing the HECM demonstration requires potential borrowers...

...standards. Repairs needed to bring a home up to this standard may be financed from **mortgage** proceeds before or after closing in accordance with program rules.

Repairs that are expected to...

...lien, which is then paid off at closing. Whether repairs are made before or after **loan** closing, the reverse **mortgage** program can function as a deferred payment rehabilitation **loan** program.

Cooperative housing is currently ineligible under the demonstration. The exclusion of cooperative housing reflects...

...to Borrowers. Payments to borrowers are based upon the age of the youngest borrower, the **mortgage** interest rate and the adjusted property value. The adjusted property value is the lesser of the appraised value of the property or the maximum **mortgage** on a one-unit residence

as established for the FHA Section 203(b) program. As of August 1992, the latest period for which **loan** data were used in this analysis, this amount ranged ...67,500 and \$124,875, depending on geographic location. The adjusted property value limits the **loan** proceeds that can be received by a HECM borrower whose property value exceeds this amount...

...using a principal limit factor, which may be regarded as a limit on the initial **loan**-to-value ratio.(3) There is a unique principal limit factor for each combination of...

...adjusted property value that is available to the borrower on the first day that a **mortgage** is in effect (41.6% in this case). Principal limit factors are generated by a...

...payment streams under the tenure, term and line-of-credit options.  
Interest Rates. A HECM **loan** may bear interest at either a fixed or an adjustable rate. To date, however, very...

...Adjustable rate mortgages require the use of a fixed interest proxy, called the expected average **mortgage** interest rate, to determine both the initial principal limit and the compounding rate used to...

...values of the principal limit. The expected average rate is fixed at the time of **loan** origination. It is generally higher than the initial adjustable rate, just as long-term rates...

...for fixed-rate loans is designed to maintain the actuarial soundness of an adjustable rate **mortgage**, provided that the expected average **mortgage** interest rate is a reasonable proxy for future interest rates.

Risk Protection

Reverse mortgages carry...

...property may fall below the outstanding balance at some time during the life of the **loan**. Uninsured public and private sector programs pursued a number of risk-reduction strategies, but most...

...lenders and borrowers alike. While the design of certain program elements contributes to risk reduction, **mortgage** insurance offers the primary means for reducing risks under the HECM demonstration.

Borrower Protection. Regardless...

...they select, elderly homeowners cannot be forced to sell their homes to pay off their **mortgage**, even if the **mortgage** principal balance grows to exceed the value of the property. When the borrower does move...

...the borrower is protected if the lender fails to make the required payments under the **mortgage**. HUD will step in to make the payments to the borrower, and the defaulting lender must either resume making payments or assign the **mortgage** to HUD within 30 days.(5)

Under HECM, the borrower must pay an FHA **mortgage** insurance premium (MIP) to insure lenders against loss in the event that sales proceeds are not sufficient to pay off the **mortgage**. The insurance premium consists of two parts, both of which may be financed: (1) an...

...is not likely to be viewed favorably by borrowers or lenders.

Lenders' Insurance Options. The **mortgage** insurance premium was estimated by HUD to cover all losses, whether these losses are borne by the

FHA or private lenders. At the time that a **mortgage** is closed, a lender can choose one of two insurance options: the assignment option or...

...the FHA collects all of the MIP. The lender has the option of assigning a **mortgage** to the FHA at the time that the **mortgage** balance, including accrued interest and MIP, equals 98% of the maximum claim amount. Following assignment of the **mortgage**, the lender files an insurance claim for an amount equal to the **mortgage** balance and has no further obligations under the **mortgage**. HUD will continue to make any payments that are owed the borrower and will accept...

...the event of loss.

Under the shared premium option, the lender forgoes assignment of a **mortgage** to the FHA and retains a portion of the periodic MIP to compensate for the assumption of additional risk.(7) At the time that the **mortgage** is due and payable, the FHA will pay the lender the difference between the **mortgage** balance and the sales proceeds up to the maximum claim amount. The lender is liable...

...risk. Diversifiable risks are those that are independent and related to characteristics of a particular **loan**. Fundamental risks are interdependent, such as the risk of a national economic recession. Although fundamental...

...is not likely to suffer significant losses from a short-term recession in house prices. **Loan**-to-value ratios in the HECM demonstration remain low for many years, compared to conventional forward mortgages; **loan** balances, including interest charges, monthly disbursements and other charges, rise only gradually over time. Fundamental...

...borrowers.

Age. Borrowers must be at least 62 years old to qualify for a reverse **mortgage** under the HECM demonstration. While there have been a few borrowers in their early 1960...

...amount," defined as the lesser of the property value or the local FHA 203(b) **loan** limit) and (2) the age of the borrower. Because older borrowers have shorter remaining life...

...with the age of the borrower to equalize expected payments over the life of the **loan**. Thus, the demonstration can be expected to appeal most strongly to older prospective borrowers because...of \$307, or a line of credit of \$34,509 at the start of their **loan**. In comparison, an otherwise identical borrower aged 81.6 years can receive monthly payments of...in a lower principal limit under the HECM demonstration, which means that most black reverse **mortgage** borrowers would have lower monthly payments and a lower initial line of credit than most...

...On the other hand, the constraint on HECM proceeds represented by the FHA 203(b) **loan** limits implies that the HECM demonstration will not appeal as strongly to homeowners with properties valued at substantially more than the **loan** limit for their area (particularly to the extent that private reverse mortgages are available as...

...is

equal to the lesser of the property value or the FHA Section 203(b) **loan**

limit for each area. The FHA **loan** limit was no higher than \$124,875 when

these loans were originated.

As Table 5...adjusted property value permitted under the HECM demonstration is set at the FHA 203(b) **loan** limit for each area. Thus, owners of properties valued at more than the FHA **loan** limit, no higher than \$124,875 for the period of this study, cannot take advantage...

...HECM demonstration that make it attractive in spite of the restriction represented by the FHA **loan** limit.

It is important to note that the participation of HECM borrowers with property values significantly above the FHA 203(b) **loan** limit generates an important cross-subsidy from these borrowers to borrowers with properties valued less than the FHA **loan** limit. Specifically, it is relatively unlikely that payments to borrowers who have such high actual property values will exceed the value of the property at repayment. For this reason, the **mortgage** insurance premium computed for these borrowers under the HECM demonstration may be higher than necessary...

...that prospective borrowers own their property in whole, or be able to pay off outstanding **mortgage** balances or other liens at closing from the proceeds of the HECM **loan**. As Table 4 shows, owner's equity for most HECM borrowers to date represented at least 95% of total property value, meaning that outstanding **mortgage** balances were 5% or less for most participants. In fact, more than 95% of HECM borrowers to date had **mortgage** balances of 25% or less of total property value. In comparison, among all elderly homeowners...

...average observed among HECM participants.

Housing Expenses. Table 4 shows that median housing expenses (including **mortgage** payments, insurance, taxes, maintenance and other costs) totaled about \$278 per month for borrowers participating...

...coupled with their significantly lower incomes, suggest that borrowers may need to use their reverse **mortgage** proceeds to meet ordinary living expenses.

Location. The substantially higher values of HECM properties, combined ...

...as measured by the cost of repairs required to bring the property into compliance with **loan** guidelines. More than half of all HECM borrowers had no repairs required to bring their...

...median age of properties owned by HECM borrowers was about 36.5 years as of **loan** application date. This is only slightly older than the median age of houses belonging to all elderly homeowners, about 34 years according to the AHS.

#### HECM **Loan** Terms

With the exception of the choice of payment option, most of the significant terms...

...on the borrower's age, the adjusted property value and the prevailing interest rates at **loan** origination. It is likely, however, that the terms that prospective borrowers face affect the likelihood that they will participate in the program. Specifically, the **loan** terms--adjusted property value, interest rates and principal limit, in addition to the payment option...

...the maximum line of credit and the maximum monthly payments available to borrowers. The median **loan** terms under which HECM loans have been



originated to date are shown in Table 6. This section discusses the **loan** terms and the importance of each in determining the maximum funds to which borrowers have...

...that meets their individual financial requirements. Borrowers can select one of five payment options at **loan** origination and may change payment plans at any time throughout the life of the **loan**. As mentioned earlier, the available payment plans are:

- (1) the tenure **payment option**, which **provides** for **monthly** payments to borrowers for as long as they occupy the property as their principal residence;
- (2) the term payment option, which provides for **monthly** payments over a specified period of time (most commonly ten years);
- (3) a line of...

...elected to receive regular monthly payments as long as they occupy their home (the tenure **payment option**). Another 16% had **selected** the term **payment option**, while more than half, 51%, had set up a line of credit with no **monthly** payments. Finally, 7% had combined tenure payments with a line of credit and 16% had opted to combine term payments with a line of credit. (14)

Table 6 Median **loan** terms for HECM loans to date.

HECM Borrowers(1)

Choice of Payment Plan:  
Tenure Payments...

...to be extremely popular with borrowers under the HECM demonstration. According to data on individual **loan** transactions, about 94% of borrowers with lines of credit have made at least one credit...  
...of March 1992 was approximately \$10.65 million, or \$15,348 per line-of-credit **loan**, out of a total of \$21.26 million, or \$30,637 per line-of-credit **loan**, available under established lines of credit.

One of the most important features of the HECM...

...their payment option at any time, subject to a small fee. However, data on individual **loan** transactions suggest that only about 10% of HECM borrowers to date have made any change...

...borrowers will change their payment options at some time during the life of their HECM **loan**. Most of the borrowers who have changed their payment options to date have established lines...

...rate HECM loans. A lender assumes considerable interest rate risk with a fixed-rate HECM **loan**, as would a secondary market investor. Fannie Mae will not purchase any fixed-rate HECM...

...rate loans in the foreseeable future.

The initial interest rate for an adjustable rate HECM **loan** is established at some margin above the one-year Treasury rate. (16) Since the demonstration...This relationship reflects the fact that the principal limit is computed to make the expected **mortgage** insurance losses over the life of the **loan** no greater than the expected premium collected. Specifically, higher expected interest rates mean higher future **loan** balances, which in turn would result in larger insurance losses unless the amount of principal advanced is reduced. For example, a typical HECM borrower initiating a **loan** at a relatively low expected interest rate

of 9.125% can receive maximum payments of...

...a maximum line of credit of about \$46,169. An otherwise identical borrower initiating a **loan** at a higher expected interest rate of 10.0% can receive maximum monthly payments of...

...so that the present value of the principal amounts disbursed over the life of the **loan** (whether monthly or line-of-credit), including premium charges and servicing fees, will not exceed...the basis of this different information. Second, borrowers in the three areas may use HECM **loan** proceeds for substantially different purposes, and choose payment options to meet their disparate requirements. Third...

...lenders to make such loans. The HECM demonstration is designed to encourage and increase reverse **mortgage** lending by private lending institutions through the provision of **mortgage** insurance. This section discusses the involvement of the nation's financial community--lenders, institutional investors and **loan** servicers--in the HECM demonstration.

#### Lender Participation

Since the origination of the first HECM in October 1989, there has been slow but growing acceptance of the HECM **loan** among conventional lenders. As of August 1992, the demonstration involved 52 lenders in 38 states...were interested in insuring reverse mortgages, a problem that has lessened as awareness of reverse **mortgage** products has increased. The lack of qualified counselors in some areas, a situation discussed in...

...discussed below. Faced with these problems, as well as the concern that the maximum 50-**loan** volume would not justify their costs of participation, 27 pilot lenders withdrew from the program...

...lenders by type of institution and the number of loans originated. As this table shows, **mortgage** bankers and **mortgage** banking subsidiaries of HUD-supervised lenders represent about 69% of lenders currently active in the...

...84% of loans made to date. Included in this tally are loans originated by three **mortgage** firms created especially to make reverse mortgages.(25) In contrast, bank and thrift institutions account...

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India: Tamil Nadu Power Finance: No shocks for now  
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... are reasonably strong and the gearing levels comfortable, especially after the removal of an unsecured **loan** from the Government

of Tamil Nadu.

TNPFL's fixed deposit programme is open for investment...

...rates on offer vary deepening on the choice of interest payment. In case the investor **chooses** the **monthly** interest **payment option**, the rate of interest is 12 per cent for three, four and five years.

Under...

**20000618**

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